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Special Article - Experimental State Dissection of Industry Data

INTRODUCTION

The Australian Bureau of Statistics (ABS) is aware of the interest among users for more State dissections of industry data. In response, the ABS has produced an **Information paper** **Experimental Estimates: Australian Industry, a State Perspective** (Cat. no. 8156.0) which presents experimental estimates of selected industries for 1998-1999. The estimates are derived by combining information from the ABS annual Economic Activity Survey, other ABS business collections and Australian Taxation Office (ATO) data to produce State estimates of operating income and expense measures across selected industries. These statistics are experimental in nature and are the first part of an ongoing program to make State estimates available for the full range of industries.

This article presents a summary of findings for the 1998-1999 year. The ABS plans to continue this work for 1999-2000 estimates, to improve methods of providing more detailed information, and to release estimates for subsequent years on a regular basis.

Due to the experimental nature of the estimates and the methodology employed, the Methodology section of the Information Paper should be reviewed before undertaking any analysis on the tables presented in this article. Broadly the methodology involved separating the Economic Activity Survey/Tax units into two groups. The first was those businesses identified as operating only in one State (single-State businesses); the second was those identified as operating across more than one state (multi-State businesses). Single-State businesses (including all non-employers) were assigned to a State using the mail address postcode. For multi-State businesses, dissections of both sales and wages for each State were obtained for all significant contributors from other ABS collections or from direct contact with the business.

Some of the key assumptions include:

- all businesses fitting the non-employer definition were assumed to operate in only one State;
- for single-State businesses, the mailing address was in the same State in which the business operates;
- the vast majority of multi-State businesses have been identified;
- some inconsistencies may result from sourcing State proportions from various ABS collections with different reporting periods, definitions and scope.

The ABS is investigating state estimates using the methodology outlined in the Information Paper and seeks feedback on the methodology specifically, as well as the usefulness, range and quality of the data presented and explanations provided. The tables included are an example of what the ABS would like to be producing on an ongoing basis.

CAVEATS

The estimates are considered experimental and should be used with caution. The estimates shown in this article are to illustrate the level of detail available and to give readers an indication of future possibilities. Some of the assumptions that have been relied upon in the production of these estimates cannot easily be directly tested. Users are advised to review the assumptions and methodology for themselves before deciding on fitness for purpose. Details regarding the quality of the estimates and assumptions can be found in the Information Paper.

Differences between data presented in this paper and other ABS publications may be due to differences in scope, reference period, statistical unit and the definition of data items. It is hoped that the methodology to produce these experimental estimates can be continually improved to a point when the ABS can remove the 'experimental' tag. The work so far has focused on the estimates at the industry level with further analysis to be undertaken to produce finer level industry data and expansion of the industry coverage. The Communication Services and Accommodation, Cafes and Restaurants industries have already been identified as areas requiring further investigation. Increasing the quality of labour cost State dissections for multi-State businesses will also be a major focus.

TABLE 1. EXPERIMENTAL ESTIMATES, Selected items by employing status-1998-1999

Period	New South Wales (\$m)	Victoria (\$m)	Queensland (\$m)	South Australia (\$m)	Western Australia (\$m)	Tasmania (\$m)	Northern Territory (\$m)	Australian Capital Territory (\$m)	Australia (\$m)
EMPLOYERS									
Total operating income	288,780	213,761	125,278	45,753	71,234	11,669	5,989	11,862	774,325
Total operating expenses	274,588	197,855	120,639	43,230	67,399	11,194	5,722	11,129	731,946
Operating profit before tax	15,590	16,160	5,167	2,096	4,205	574.0	282.0	764.0	44,838
Labour costs	50,995	32,492	21,431	7,533	11,601	2,017	1,211	2,219	129,500
NON EMPLOYERS									
Total operating income	18,453	13,171	9,877	3,829	5,954	933.0	431.0	778.0	53,426
Total operating expenses	14,029	10,045	7,511	2,824	4,153	701.0	303.0	569.0	40,134
Operating profit before tax	4,424	3,126	2,366	1,006	1,800	232.0	128.0	209.0	13,292
Labour costs(a)									
TOTAL SELECTED BUSINESSES									
Total operating income	307,233	226,932	135,154	49,583	77,187	12,602	6,420	12,639	827,751
Total operating expenses	288,617	207,900	128,150	46,243	71,552	11,895	6,025	11,698	772,080
Operating profit before tax	20,015	19,286	7,533	3,101	6,006	806.0	410.0	973.0	58,130
Labour costs	50,995	32,492	21,431	7,533	11,601	2,017	1,211	2,219	129,500

(a) Not applicable

Source: Experimental Estimates: Australian Industry, a State Perspective(Cat. no. 8156.0).

EMPLOYER AND NON-EMPLOYER ESTIMATES

Table 1 shows the experimental estimates of total operating income, total operating expenses, operating profit before tax and labour costs for employers and non-employers for each State and

Territory of Australia. Employing businesses in New South Wales and Victoria account for 70.8% of Operating Profit Before Tax (OPBT) of employing businesses across Australia while the non-employing businesses in New South Wales and Victoria account for 56.8% of the OPBT of the non-employing businesses across Australia.

In contrast, for Queensland, South Australia, Western Australia, Tasmania and the Northern Territory the OPBT of non-employing businesses as a percentage of total non-employing businesses is higher than OPBT contributions of employing businesses.

INDUSTRY CONTRIBUTION ACROSS STATES

New South Wales accounts for 37.1% of the total Australian operating income for all selected industries. Equivalent percentages for other States are; Victoria 27.4%, Queensland 16.3%, South Australia 6.0%, Western Australia 9.3%, Tasmania 1.5%, Northern Territory 0.8% and the Australian Capital Territory 1.5%.

Table 2 shows the experimental estimates by industry division for each State and Territory of Australia. Of the total Australian operating income for Cultural and Recreational Services, 41.1% and 31.5% is attributed to New South Wales and Victoria respectively.

Operating income from the Property and Business Services industry contributes 40.4% of total Australian operating income to New South Wales, 28.3% to Victoria, 12.7% to Queensland and 10.1% to Western Australia.

Personal Services, and Property and Business Services contribute 3.6% and 3.2% respectively of the total Australian operating income to the Australian Capital Territory.

The percentage contributions for labour cost by State for all selected industries as a percentage of total Australian labour cost are: New South Wales 39.4%; Victoria 25.1%; Queensland 16.5%; South Australia 5.8%; Western Australia 9.0%; Tasmania 1.6%; Northern Territory 0.9% and Australian Capital Territory 1.7%.

INDUSTRY CONTRIBUTION WITHIN STATES

When examining the operating income activity within each State, Wholesale Trade is the largest contributor in New South Wales (27.3%) and Victoria (27.1%). For all other States, Retail Trade is the largest contributor with the exception of the Australian Capital Territory where Property and Business Services is the highest contributor.

In all States except South Australia, Property and Business Services make the highest contributions to total State labour costs. This industry also makes the highest contribution to each State's OPBT except in Queensland and Northern Territory where the Construction industry makes the highest contribution.

TABLE 2. EXPERIMENTAL ESTIMATES, Selected items by industry division-1998-1999

Period	New South Wales (\$m)	Victoria (\$m)	Queensland (\$m)	South Australia (\$m)	Western Australia (\$m)	Tasmania (\$m)	Northern Territory (\$m)	Australian Capital Territory (\$m)	Australia (\$m)
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TOTAL OPERATING INCOME									
Total selected service industries	307,233	226,932	135,154	49,583	77,187	12,602	6,420	12,639	827,751
Construction	36,085	19,552	19,024	5,584	9,251	1,076	948	2,039	93,559
Wholesale Trade	83,940	61,596	34,121	12,944	20,057	3,190	1,022	1,181	218,052
Retail Trade	71,619	50,929	36,721	15,077	20,539	3,581	1,761	3,344	203,570
Accommodation, Cafes and Restaurants	12,039	6,655	6,839	3,013	3,034	1,154	792	536	34,061
Transport and Storage	26,146	18,071	11,858	4,290	6,469	1,513	623	257	69,226
Communication Services	np	np	1,086	401	508	114	48	343	29,743
Property and Business Services	49,509	34,664	15,536	4,669	12,361	1,076	882	3,975	122,673
Health Services (a)	8,245	6,119	5,380	1,976	2,473	515	107	480	25,294
Cultural and Recreational Services	9,631	7,376	3,073	921	1,834	227	159	193	23,415
Personal services (b)	np	np	1,516	707	661	157	79	292	8,159

TOTAL OPERATING EXPENSES									
Total selected service industries	288,617	207,900	128,150	46,243	71,552	11,895	6,025	11,698	772,080
Construction	33,143	17,450	16,953	4,709	8,072	939	812	1,841	83,920
Wholesale Trade	81,794	59,124	33,118	12,506	19,577	3,146	975	1,153	211,394
Retail Trade	69,669	49,722	35,655	14,847	19,847	3,445	1,714	3,258	198,023
Accommodation, Cafes and Restaurants	11,391	6,379	6,758	2,852	2,851	1,209	765	486	32,691
Transport and Storage	24,407	17,101	11,155	4,007	5,728	1,392	582	220	64,591
Communication Services	np	np	969	360	452	104	48	313	23,550
Property and Business Services	43,546	29,778	14,801	4,071	10,645	917	846	3,545	108,150
Health Services (a)	7,137	5,281	4,752	1,618	2,157	415	95	439	21,897
Cultural and Recreational Services	8,175	6,841	2,615	771	1,645	187	115	168	20,516
Personal services (b)	np	np	1,374	635	578	140	73	274	7,348

OPERATING PROFIT BEFORE TAX									
Total selected service industries	20,015	19,286	7,533	3,101	6,006	806	410	973	58,130
Construction	3,064	2,122	1,963	485	1,168	136	138	190	9,264
Wholesale trade	2,587	2,071	1,041	436	715	76	52	37	7,014
Retail Trade	2,324	1,804	1,270	492	813	137	55	103	6,998
Accommodation, Cafes and Restaurants	668	297	98	169	199	3	26	51	1,512
Transport and Storage	1,781	939	829	286	745	125	40	36	4,780
Communication Services	np	np	122	43	60	11	1	32	6,233
Property and Business Services	6,290	5,024	980	612	1,718	160	38	442	15,264
Health Services (a)	1,107	843	631	356	316	99	11	40	3,404
Cultural and Recreational Services	1,408	532	452	151	187	41	43	25	2,839
Personal Services (b)	np	np	146	72	85	17	6	18	821

LABOUR COSTS									
Total selected service industries	50,995	32,492	21,431	7,533	11,601	2,017	1,211	2,219	129,500

Construction	5,281	2,965	2,557	752	1,446	159	113	264	13,537
Wholesale Trade	7,180	4,959	2,602	1,027	1,489	262	92	147	17,758
Retail Trade	7,757	5,523	3,851	1,670	1,962	376	209	357	21,706
Accommodation, Cafes and Restaurants	2,911	1,744	1,570	600	719	256	192	130	8,123
Transport and Storage	5,379	3,680	2,740	798	1,193	227	157	102	14,276
Communication Services	np	np	778	336	372	100	47	195	5,461
Property and Business Services	14,904	8,366	4,207	1,333	3,035	388	311	752	33,296
Health Services (a)	3,049	2,278	2,195	687	974	187	40	147	9,559
Cultural and Recreational Services	1,718	996	554	168	251	33	33	42	3,795
Personal services (b)	np	np	377	162	159	29	16	82	1,989

np not available for publication but included in totals where applicable, unless otherwise indicated.

(a) Excludes ANZSIC subdivision 87.

(b) Excludes ANZSIC subdivisions 96 and 97.

Source: Experimental Estimates: Australian Industry, a State Perspective(Cat. no. 8156.0).

SUBDIVISION ESTIMATES

Table 3 shows the experimental estimates of total operating income by industry subdivision for each State and Territory of Australia. The estimates at the subdivision level illustrate ABS plans to produce finer dissections of State data in the future. Users should be aware that these data should be used with extreme caution and should refer to the relative standard error table in the Information Paper. Further work will be undertaken on the estimates to improve the quality and accuracy of these data.

FUTURE PLANS FOR STATE ESTIMATES

The ABS released another publication on July 19 this year entitled Information Paper: Business Income Tax Data for Regional Small Business Statistics-Experimental Estimates, Selected Regions, Australia (Cat. no. 5675.0). That information paper outlines an investigation the ABS is undertaking into the use of ATO business income tax data to improve the range of regional economic statistics. This work is aimed at meeting the demand from users for regional business indicators. This investigation has progressed to a stage where the ABS has produced experimental estimates of regional business economic activity for selected regions for 1995-1996, 1996-1997 and 1997-1998.

Other initiatives regarding State estimates are taking place within the ABS. The Survey of Inventories, Sales and Services collects State dissections for two items-income from sales of goods and services; and wages and salaries. Subject to a current investigation into the quality of the data, State estimates for these items will be released in current price terms in Business Indicators, Australia (Cat. no. 5676.0) for the December quarter 2001. From the Survey of Employment and Earnings the ABS releases a quarterly publication Wages and Salary Earners (Cat. no. 6248.0) in which State estimates of earnings and wages and salaries are available. (This latter publication will be superseded by Business Indicators, Australia (Cat. no. 5676.0) at the end of 2001.)

FURTHER INFORMATION

This article is based on information from an Information paper Experimental Estimates: Australian Industry, a State Perspective (Cat. no 8156.0) which is available on the ABS website at

www.abs.gov.au. The ABS welcomes feedback from readers regarding the usefulness, range and quality of the data presented and explanations provided. Please contact The Director, Economy Wide Statistics Section, Australian Bureau of Statistics, PO Box 10, Belconnen ACT 2616 or e-mail merry.branson@abs.gov.au

TABLE 3. EXPERIMENTAL ESTIMATES, Total operating income by industry subdivision-998-1999

Period	New South Wales (\$m)	Victoria (\$m)	Queensland (\$m)	South Australia (\$m)	Western Australia (\$m)	Tasmania (\$m)	Northern Territory (\$m)	Australian Capital Territory (\$m)	Australia (\$m)
TOTAL SELECTED SERVICE INDUSTRIES	307,233	226,932	135,154	49,583	77,187	12,602	6,420	12,639	827,751
Construction	36,085	19,552	19,024	5,584	9,251	1,076	948	2,039	93,559
41 General Construction	20,564	10,208	10,905	2,874	4,957	537	479	1,249	51,773
42 Construction Trade Services	15,521	9,345	8,119	2,710	4,294	539	469	790	41,787
Wholesale Trade	83,940	61,596	34,121	12,944	20,057	3,190	1,022	1,181	218,052
45 Basic Material Wholesaling	25,791	20,193	11,853	4,262	6,679	1,247	372	323	70,720
46 Machinery Motor vehicle Wholesaling	30,799	21,510	11,818	3,992	7,365	1,089	299	718	77,590
47 Personal and household Good Wholesaling	27,349	19,892	10,451	4,691	6,013	854	350	141	69,742
Retail Trade	71,619	50,929	36,721	15,077	20,539	3,581	1,761	3,344	203,570
51 Food Retailing	22,085	13,735	11,364	5,824	6,228	883	648	1,023	61,791
52 Personal and household Good Retailing	26,210	20,516	13,276	4,820	6,797	1,569	485	1,222	74,895
53 Motor vehicle Retailing and Services	23,324	16,677	12,081	4,434	7,513	1,129	628	1,098	66,884
Accommodation, Cafes and Restaurants	12,039	6,655	6,839	3,013	3,034	1,154	792	536	34,061
Transport and Storage	26,146	18,071	11,858	4,290	6,469	1,513	623	257	69,226
61 Road Transport	7,718	5,915	3,733	1,697	2,456	409	117	89	22,133
62 Rail Transport	2,379	1,352	np	154	np	np	-	-	6,230
63 Water Transport	498	np	660	np	265	36	np	3	2,926
64 Air and Space Transport	np	np	np	np	np	np	np	np	np
65 Other Transport	405	np	181	np	305	np	np	np	1,475
66 Services to Transport	7,709	6,137	2,727	996	1,637	166	326	118	19,816
67 Storage	np	np	np	np	np	np	np	np	np
Communication Services	np	np	1,086	401	508	114	48	343	29,743
Property and Business Services	49,509	34,664	15,536	4,669	12,361	1,076	882	3,975	122,673
77 Property Services	9,207	5,445	4,176	1,110	2,645	309	150	630	23,672
78 Business Services	40,302	29,219	11,360	3,559	9,717	766	733	3,345	99,001
Health Services	8,245	6,119	5,380	1,976	2,473	515	107	480	25,294
Cultural and Recreational Services	9,631	7,376	3,073	921	1,834	227	159	193	23,415
91 Motion Picture, Radio and Television Services	4,932	1,882	871	273	np	37	27	np	8,300
92 Libraries, Museums and the Arts	927	582	242	121	np	15	11	np	2,049
93 Sports and Recreation	3,772	4,912	1,960	526	1,510	175	120	90	13,065
Personal Services	np	np	1,516	707	661	157	79	292	8,159

np not available for publication but included in totals where applicable, unless otherwise indicated.
-nil or rounded to zero.

(a) Excludes ANZSIC subdivision 87.

(b) Excludes ANZSIC subdivisions 96 and 97.

Source: Experimental Estimates: Australian Industry, a State Perspective(Cat. no. 8156.0).

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